

*July*

# HYDRA

## EXPLORATIONS LIMITED

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ELEVENTH ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED MAY 31,

1970

# HYDRA

EXPLORATIONS LIMITED

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## **DIRECTORS**

W. C. Campbell  
A. W. Johnston  
Jules Loeb  
W. M. O'Shaughnessy  
L. E. Wetmore

## **OFFICERS**

W. C. Campbell, *President*  
Jules Loeb, *Vice-President*  
W. M. O'Shaughnessy, *Secretary-Treasurer*

## **TRANSFER AGENT AND REGISTRAR**

Guaranty Trust Company of Canada  
Toronto and Montreal

## **AUDITORS**

Campbell, Lawless & Punchard  
Toronto

## **HEAD OFFICE**

*Suite 1600, 100 Adelaide Street W., Toronto 1, Ontario*

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# DIRECTORS' REPORT

## TO THE SHAREHOLDERS

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The directors are pleased to submit the eleventh annual report of the company. Along with this review of exploration activities are financial statements for the year ended May 31, 1970. Also enclosed are notice of annual meeting and information circular.

During the past fiscal period and through the latest exploration season, Hydra Explorations undertook a wide-ranging mineral search effort—on its own behalf and with others. While not all programs yielded positive results, your directors are nevertheless encouraged that Hydra continues to be active at a time when there are increasing difficulties facing smaller companies who are anxious to maintain an effective role in the country's mineral industry.

In this effort, your company is aided by a sound financial position and by an able and loyal technical staff who, through the year, supervised field projects and reviewed various property submissions presented for consideration.

### QUEBEC PROGRAM

Early in the year diamond drilling was carried out on the company's 24-claim group located in Bourlamaque Township, northwestern Quebec. This property, which lies one and one-quarter miles east of the East Sullivan Mines Limited holdings, was covered by an induced polarization survey in 1969. The survey produced a strong anomaly, large enough to justify investigation by diamond drilling.

In January and February, 1970, four diamond drill holes were completed for a total of 2,177 feet. This work disclosed a wide zone of heavily pyritized material which obviously caused the anomaly. A thorough sampling and assaying of this material gave no values in gold and silver, while values in copper and zinc were too low to be of economic interest. No further work is planned for this property at the present.

### ONTARIO PROJECT

In January, 1970, Hydra Explorations purchased outright a group of 18 claims in the Sturgeon Lake area of northwestern Ontario, located approximately eight miles north of the base metal discovery of Mattagami Lake Mines Limited. In February and March, 1970, magnetometer and electromagnetic surveys were carried out on this property with negative results. No further work is planned for this group.

Early in May, 1970, 15 claims were staked for the company in the western Sturgeon Lake area. These claims lie 18 miles southwest of the Mattagami Lake Mines' discovery and were located to cover a magnetic anomaly found by aerial survey. A ground electromagnetic survey was subsequently carried out over a portion of this group, but could not cover the whole property because of flooding. Although results of this part of the survey are negative, testing is not yet completed and it is hoped that winter conditions will permit the geophysical survey to be continued.

In the Rush Lake area of northern Ontario a group of 17 claims was acquired during the summer by outright purchase. An interesting copper discovery had been made in this area by Parr Mines Limited; Hydra's property lies some six miles to the south of the original find. Attention is being paid to results of work on nearby properties before determining Hydra's program.

### OTHER PROJECTS, INTERESTS

As in previous years, your company participated in two prospecting syndicates, working in Ontario and British Columbia. In the 1969 season nothing was found by these parties that warranted staking. Results from work by the syndicates in the 1970 season are not available at this time.

In August, 1970, Hydra Explorations agreed to join with three other partners in carrying out an airborne electromagnetic survey covering several areas in the Northwest Territories. Several blocks of claims have been staked on areas showing interesting EM readings. Ground reconnaissance has been carried out on some of these groups and a prospecting program is proposed for next spring.

Shareholders will continue to be advised of significant projects as developments warrant.

On behalf of the board,



W. CLARKE CAMPBELL,  
President.

Toronto, Ontario  
November 9, 1970



# HYDRA

## EXPLORATIONS LIMITED

AMALGAMATED UNDER THE LAWS OF ONTARIO

### BALANCE SHEET—MAY 31, 1970

ASSETS		1969
Cash in bank and short term bank deposits .....	\$ 307,303	\$ 51,094
Interest receivable on notes .....	—	17,605
Investment in unsecured convertible notes (7½ % of Consolidated Canadian Faraday Limited) (principal \$420,000) at cost (see note 1) .....	—	399,000
Investments in shares of other mining companies, at cost Listed (Consolidated Canadian Faraday Limited) (quoted market value 1970 — \$161,384, 1969 — \$388,102) .	\$ 266,854	132,177
Unlisted (quoted market value 1970 — \$687, 1969 — \$2,475) .....	5,401	5,401
	<u>272,255</u>	<u>137,578</u>
Mineral claims, rights and interests, at cost .....	376,880	368,780
Preproduction expenditures .....	1,508,788	1,443,746
	<u>\$2,465,226</u>	<u>\$2,417,803</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Hydra Explorations Limited as at May 31, 1970 and the statements of deficit, preproduction expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the Company as at May 31, 1970 and the results of its operations and its source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
August 21, 1970

CAMPBELL, LAWLESS & PUNCHARD  
Chartered Accountants

**LIABILITIES**

1969

Accounts payable and accrued liabilities .....	\$ 3,619	\$ 4,766
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**Capital Stock**

## Authorized

5,000,000 shares of a par value of \$1 each

## Issued

4,050,040 shares .....	\$4,050,040	4,050,040
Less discount thereon .....	1,450,000	1,450,000
	<u>2,600,040</u>	<u>2,600,040</u>
<b>Deficit</b> .....	<u>138,433</u>	<u>187,003</u>
	2,461,607	2,413,037
	<u>\$2,465,226</u>	<u>\$2,417,803</u>

Note 1: The company converted \$134,676 of notes of Consolidated Canadian Faraday Limited into 38,479 shares at \$3.50 per share and received cash of \$285,324 on redemption of the balance of the face value (\$420,000) of the notes.

Approved by the Board

W. C. CAMPBELL, Director.

W. M. O'SHAUGHNESSY, Director.



## PREPRODUCTION EXPENSES

YEAR TO MAY 31, 1970

		1969
Balance beginning of year		
Predecessor companies .....	\$1,167,756	\$1,167,756
Amalgamated company .....	275,990	276,618
	<u>1,443,746</u>	<u>1,444,374</u>
Exploration and development expenses		
Engineering and geological services and expenses .....	\$ 1,611	2,397
Government fees, licences and acreage taxes .....	5,182	8,890
Diamond drilling .....	29,157	5,350
Camp supplies, wages and equipment rental .....		4,784
Sampling and assaying .....		949
General .....	859	557
Surveying and linecutting .....	5,808	7,764
	<u>42,617</u>	<u>30,691</u>
Administrative expenses		
Head office and accounting services and expenses .....	6,000	6,000
Legal and audit .....	4,400	300
Miscellaneous .....	378	116
Stock exchange fees and expenses .....	200	200
Transfer agents' fees and expenses .....	5,610	5,328
Government fees and taxes .....	254	205
Shareholders' information and publicity .....	5,383	5,041
Directors' fees .....	200	
	<u>22,425</u>	<u>17,190</u>
Total preproduction expenses for year .....	<u>65,042</u>	<u>47,881</u>
	<u>1,508,788</u>	<u>1,492,255</u>
Deduct preproduction expenses of amalgamated company written off to deficit .....		48,509
Balance end of year .....	<u>\$1,508,788</u>	<u>\$1,443,746</u>

## DEFICIT

YEAR TO MAY 31, 1970

		1969
Balance beginning of year .....	\$ 187,003	\$ 401,340
Add — Mineral claims, rights and interests of amalgamated company abandoned (\$5,741) and preproduction expenses relating thereto (\$48,509) written off ....	\$ —	54,250
— Advances to other mining companies written off .....	—	400
	—	54,650
	187,003	455,990
Deduct — Interest earned .....	22,883	18,516
— Gain on redemption and sale of investments .....	25,687	250,471
	48,570	268,987
Balance end of year .....	\$ 138,433	\$ 187,003

## SOURCE AND APPLICATION OF FUNDS

YEAR TO MAY 31, 1970

		1969
Cash in bank and short term bank deposits beginning of year .....	\$ 51,094	\$ 29,902

### Receipts

Interest received (including receivable as at May 31, 1969 — \$17,605) .....	\$ 40,488	911
Proceeds of redemption and sale of investments .....	290,010	466,265
	330,498	467,176
	381,592	497,078

### Disbursements

Purchase of notes of Consolidated Canadian Faraday Limited .....	—	399,000
Purchase of mining claims .....	6,300	—
Cost of staking mining claim .....	1,800	1,741
Exploration and development expenses .....	43,720	27,882
Administrative expenses .....	22,469	17,261
Advances to other mining companies .....	—	100
	74,289	445,984
Cash in bank and short term bank deposits end of year .....	\$ 307,303	\$ 51,094



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